Calendar No. 392

99TH CONGRESS
1st Session

SENATE

REPORT
99-175

JAPANESE TECHNICAL LITERATURE ACT OF 1985

NOVEMBER 4, 1985.—Ordered to be printed

Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1073]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1073) to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill do pass.

PURPOSE OF THE BILL

The objective of the bill is to create a program within the Federal Government to increase the availability of Japanese technical literature within the United States.

BACKGROUND AND NEEDS

United States industries must have access to the most advanced technology available to maintain international competitiveness. American research and development provides much of that new technology. Increasingly, however, other nations, especially Japan, fund significant amounts of advanced research in such commercially-important fields as electronics, robotics, and biotechnology. United States companies, aware that ignorance of new Japanese innovations and products can hurt them competitively, have increased their efforts to acquire, translate, and use Japanese scientific and technical information. Private abstract services are beginning to provide access to much of the published Japanese literature. Barriers of access, language, and cost, however, prevent

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American companies from using much of the most valuable Japanese information.

The Federal Government can and should play a role in complementing private sector efforts to acquire, translate, and disseminate Japanese scientific and technical information. The Government also needs to improve the coordination of its existing programs to collect Japanese technical information for government purposes, and needs to make federally-generated information available to private businesses and researchers. Concern about these issues has led to the development of S. 1073, the Japanese Technical Literature Act of 1985.

THE SIGNIFICANCE AND AVAILABILITY OF JAPANESE TECHNICAL INFORMATION

In a highly competitive world economy, countries which acquire advanced technology quickly and convert it rapidly into useful goods and services have an enormous advantage over their competition. The Japanese have long known that technical information from other countries helps them develop new, highly successful products. For that reason, Japanese companies and the Japanese government have followed closely foreign, especially American, technology.

Japanese governmental efforts to ensure the smooth flow of scientific and technical literature to researchers and businesses began in 1957, when the Science and Technology Agency, a part of the Prime Minister's Office, formed the Japan Information Center of Science and Technology. Today this Center remains the core of Japanese efforts to collect scientific and technical information. The Center currently collects 10,000 foreign and domestic journals, as well as technical reports, conference presentations, and patents. Japanese trading companies and trade associations monitor foreign developments to keep their members informed.

Japan is well known for its ability to acquire American technology and turn it into competitive products; Japan's growing ability to create new technology is less well known. Japan now ranks third in the world in total spending for scientific and technical research and supports the world's third largest research labor force.

Japan spends, per capita, nearly as much as the United States does on research and development. Moreover, Japan spends almost nothing on military research and development; nearly 25 percent of total United States research and development is related to defense. Japan concentrates its research spending on the development of new industrial technology. Much of this research is widely recognized as firstrate. A study by the U.S. Chamber of Commerce's office in Tokyo has concluded that U.S. technology is being overtaken by the Japanese in 12 important areas, including advanced ceramics, optical fibers, and large-scale integrated circuits.

In recent years, public and private U.S. organizations have increased their efforts to monitor, acquire, and in some cases translate and disseminate Japanese scientific and technical information as part of their effort to meet Japan's technological and competitive challenge. Several large corporations, including IBM, follow Japanese technical trends. Smaller companies, however, find this

more difficult to do, given the huge number of Japanese technical journals—approximately 10,000—and the costs involved in acquiring and translating materials in a difficult language such as Japanese.

Private U.S. abstract services partially fill this information gap. For instance, *Chemical Abstracts,* a publication of the American Chemical Society, provides English language abstracts of Japanese articles and patents in the field of chemistry. A new private abstract service—University Microfilm's Japanese Technical Information Service—will provide English abstracts of major Japanese Journals in a range of technical fields. This new service may also eventually provide full translations for clients.

Even the abstract services, however, face significant barriers in their ability to acquire the full range of Japanese technical documents. They have problems gaining access to unpublished technical reports, especially those from important research projects funded by the Japanese government, often in conjunction with industry.

In the view of the Committee, the Federal Government can complement the information-gathering activities of the private sector. It is already doing so through three activities of the Department of Commerce. The National Technical Information Service has a small program to acquire, translate, and disseminate selected unpublished Japanese technical reports, which are the kind of government-funded reports unavailable to private U.S. sources. This effort in Japan is very small—conducted by one person—and involves no screening of the technical or economic importance of the reports collected. Nonetheless, it is a valuable beginning.

The National Bureau of Standards [NBS] maintains technical exchange programs and, on a very limited basis, translates selected Japanese books of the type that may be very useful to American industry as a whole, but which no individual private company has the economic incentive to translate. Finally, the Department of Commerce, in collaboration with the National Science Foundation [NSF], is now finishing a 1-year pilot program to prepare and distribute in-depth reports on Japanese technical development in four critical areas: computer science, microelectronics, nonsilicon based microelectronics, and biotechnology. The agencies acquire and translate Japanese technical information to the extent necessary to prepare the reports. Individual companies may lack the resources, access to information, and economic incentive to prepare these expensive but valuable reports. Preparing the reports, therefore, is an appropriate role for government.

S. 1073, as reported, would codify and strengthen these existing Department of Commerce programs.

COORDINATION OF FEDERAL PROGRAMS

In addition to the activities of the Department of Commerce, the Federal Government maintains several Japanese literature programs for U.S. Government purposes. For example, both the Navy and Army collect Japanese technical information, much of it unclassified.

This raises two policy issues. First, government-collected unclassified information could be made more widely available to private

U.S. companies. Second, evidence suggests that these federal programs are not as well coordinated as they should be. For instance, *Business Week* reported that in 1983, the National Aeronautics and Space Administration, the Department of Commerce, the National Library of Medicine, the Department of the Army, the Office of Naval Research, and NSF were surprised to learn that they were all using a data base provided by the Japanese Information Center of Science and Technology, and each paying separately for much of the same material.

S. 1073 would address the coordination problem and the opportunity to make taxpayer-supported information more available to the private sector. It would do so by requiring a one-time report on the subject from the Secretary of Commerce, along with recommendations on how to improve coordination, improve dissemination, and reduce duplication.

Legislative History

Senator Baucus, for himself and Senator Rockefeller, introduced S. 1073 on May 6, 1985. Senators Inouye and Gore later became cosponsors.

S. 1073 was based on legislation that passed the Congress in 1984. Section 104(b) of that earlier bill (H.R. 5172, second session, 98th Congress) authorized $500,000 to the Assistant Secretary of Commerce for Productivity, Technology, and Innovation for the purpose of substantially increasing the availability of Japanese science and engineering literature to United States scientists and engineers. For reasons unrelated to this subsection, the President did not sign H.R. 5172.

S. 1073 was considered by the Committee on September 11, 1985. On a motion by Senator Rockefeller, the bill, with an amendment in the nature of a substitute, was ordered reported without objection. The Committee concurrently reported a waiver of section 402(a) of the Budget Act of 1974, which was necessary because the bill authorizes fiscal year 1986, appropriations and was not reported on or before May 15, 1985, as required by that act.

Estimated Costs

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. Congress,
Congressional Budget Office,
Washington, DC, October 9, 1985.

Hon. John C. Danforth,
Chairman, Committee on Commerce, Science, and Transportation, Dirksen Senate Office Building, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for S. 1073, the Japanese Technical Literature Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1073.
2. Bill title: Japanese Technical Literature Act of 1985.
3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation, September 11, 1985.
4. Bill purpose: S. 1073 would increase from $2.7 million to $3.7 million the 1986 authorization of appropriations for the Office of Productivity, Technology and Innovation [OPTI] within the Department of Commerce. The additional funding would be used to improve the availability of Japanese science and engineering literature in the United States.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Authorization Level	1.0				
Estimated Outlays	0.7	0.3			

The costs of this bill fall within budget function 370.

Basis of estimate: For purposes of this estimate, it was assumed that the amount authorized in the bill for 1986 would be appropriated early in fiscal year 1986. Outlays reflect historical spending patterns.

6. Estimated cost to State and local governments: None.
7. Estimate comparison: None.
8. Previous CBO estimate: On April 8, 1985, CBO prepared a cost estimate for S. 796, as ordered reported by the Senate Committee on Commerce, Science, and Transportation, April 2, 1985. S. 796 authorized the appropriations of $2.7 million for OPTI in 1986. On April 9, 1985, CBO provided the House Committees on Science and Technology with a cost estimate for H.R. 1617, as ordered reported April 3, 1985. H.R. 1617 authorized the appropriation of $2.8 million for OPTI in 1986.
9. Estimate prepared by: Mary Maginniss.
10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In acordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

S. 1073 amends the Stevenson-Wydler Technology Innovation Act of 1980 to create a Federal program intended to increase the availability of Japanese technical literature within the United States. The bill has no effect on the number of individuals or businesses subject to Federal regulation, personal privacy, or Federal paperwork.

The bill authorizes appropriations pursuant to which the Federal Government will acquire, translate, and distribute Japanese technical literature on a cost-reimbursable basis. The bill also requires the Federal Government to report on Japanese technical innovations and on Federal efforts to acquire and translate Japanese technical literature. The Committee does not anticipate that enactment of the bill will have any regulatory effect.

Section-by-Section Analysis

SECTION 1.—SHORT TITLE

The first section sets forth the short title of the legislation, the "Japanese Technical Literature Act of 1985".

SECTION 2.—JAPANESE TECHNICAL LITERATURE

Section 2 amends section 5 of the Stevenson-Wydler Technology Innovation Act of 1980 (Public Law 96–480) by redesignating subsection (d) as subsection (e) and adding a new subsection (d). This new subsection gives the Secretary of Commerce the following additional duties.

Subsection (d)(1).

This subsection directs the Secretary to establish and maintain a program, including an office in Japan, to monitor Japanese technical information, to consult with American professional societies about their information needs, to acquire and translate selected Japanese language documents, and to coordinate with other Federal agencies to identify significant gaps and to avoid duplication in Federal efforts to acquire, translate, and disseminate Japanese technical information.

Creating an office in Japan is an extension of current policy. The Department of Commerce's National Technical Information Service has one employee in Japan to acquire Japanese technical reports. This employee cannot screen reports for their value to American industry, but the employee does collect important documents. The Committee strongly supports this effort and directs the Department of Commerce to continue and expand this operation. Subsection (d)(1) makes clear that the translation and distribution of Japanese technical documents acquired by this office shall continue to be done on a cost-reimbursable basis.

The Committee does not intend for the Department of Commerce's activities to compete with private U.S. efforts to acquire, abstract, translate, and distribute Japanese technical information. The Committee sees a natural division of labor between the Department of Commerce and the private sector. The Department of Commerce, as a Government agency, is in a unique position to acquire and distribute unpublished technical reports written or funded by the Japanese government. In addition, NBS arranges for the translation of selected technical books, valuable but expensive translations that no private firm has the incentive to perform. Private U.S. abstract and translation services, on the other hand, can and do acquire and disseminate published Japanese documents, including patents as well as journal articles. The Committee supports

these valuable private efforts and wants government to complement them rather than compete with them. The Committee intends that the Department of Commerce translate technical reports, books, and articles only to the extent they are not otherwise available from private U.S. firms.

Subsection (d)(2).

This subsection directs the Secretary of Commerce to review the Japanese scientific and technical literature, to prepare annual analyses of trends in technology, and to make these reports available to a wide range of American businesses. The Secretary shall acquire and translate Japanese technical information as necessary to prepare these reports. The Committee intends that this activity build on the pilot project operated jointly by the Department and NSF.

The Secretary is required to consult with American professional societies and a representative sample of companies during the preparation of these annual reports. The Secretary already may use the resources of the Department of Commerce, including the National Technical Information Service, for acquiring technical information. This subsection gives the Secretary additional authority to contract with private businesses to acquire and translate Japanese scientific and technical information relevant to the preparation of the annual reports.

Subsection (d)(3).

This subsection direct the Secretary to encourage U.S. professional societies and private firms to acquire, screen, translate, and disseminate Japanese technical information.

The Department of Commerce can provide leadership by publicizing the value of understanding Japanese technical trends, by encouraging nongovernmental organizations to do more to acquire, screen, translate, and distribute Japanese technical information, and by helping these organizations identify and deal with barriers to increasing the availability of Japanese technical information in this country. These barriers include Japanese copyright law and the shortage of trained technical translators. In the judgment of the Committee, professional societies are especially important. They not only operate several valuable abstracting services, but also identify the most promising Japanese research.

The Committee commends the nongovernmental organizations that follow Japanese literature and directs the Department of Commerce, through workshops, technical assistance, and other means, to encourage activity of this kind. The Secretary should work with these American organizations to help them gain greater access to Japanese technical literature.

Subsection (d)(4).

The Committee believes that a comprehensive directory of sources of information about Japanese technology and Japanese literature would be valuable. Many American businsses do not know what information is available or where to find the information. A directory is needed which will list both private and government sources. The Committee believes that this directory should list in-

formation sources by major science and engineering subjects, and should include the addresses and telephone numbers of the information providers. The Committee directs the Secretary to issue the first directory in 1986 and to update the directory annually.

The directory also should include a list of all documents translated by Federal agencies in the preceding year that are available to the public. Because Federal agencies are translating selected documents, businesses and researchers should have a central list that tells what is available, where to get the documents, and what they cost.

Subsection (d)(5).

This subsection directs the Secretary to prepare a report on the activities of the Federal Government in the area of Japanese technical infomation. The report shall be transmitted to the Congress within 1 year after the date of enactment of the act.

The purposes of this report are to document what the Federal Government is doing; to analyze how to coordinate these Federal efforts; and to examine whether the distribution of Federal information to private companies and researchers can be improved. The Committee believes that the analyses in this report should include, but not be limited to, these subjects:

(A) A list of all Federal Government programs and activities that analyze, collect, or translate Japanese scientific and technical information;

(B) An analysis of the degree of overlap and coordination between these Federal programs and activities;

(C) An analysis of how widely the translations, reports, and other products of these Federal activities are made available to, and are used by, U.S. businesses, universities, and other technical organizations;

(D) An analysis of the areas in which Federal programs and activities duplicate and compete unnecessarily with private sector services and activities;

(E) An analysis of opportunities for cooperative programs between the Department of Commerce and private organizations, including the possibility of the National Technical Information Service working with professional societies, companies, or research consortia to have these non-Government organizations help translate and distribute, at their own expense, important Japanese technical reports;

(F) Data on: (1) the number of Americans who can translate technical Japanese; (2) all Federal or federally-supported programs which educate Americans, especially science and engineering students, in technical Japanese; (3) the number of Americans trained to date in such programs; and (4) the effect of Federal procurement policy on the ability of the Government to recruit translators;

(G) A list and evaluation of all Federal or federally-supported efforts in the United States to develop or improve machine-assisted translation of Japanese into English; and

(H) Recommendations on how the products of these Federal programs and activities might be made more widely available

and more useful to U.S. businesses, universities, and other technical organizations.

SECTION 3.—AUTHORIZATION OF APPROPRIATIONS

Section 3 of the bill amends Section 9 of the National Bureau of Standards Authorization Act for fiscal year 1986 (Public Law 99–73) by striking the current fiscal year 1986 authorization for the Office of Productivity Technology, and Innovation and replacing it with a number which is $1 million larger. The Committee intends that any additional appropriations made pursuant to this section of the bill be used for the purposes stated in section 2 of this bill.

AGENCY COMMENTS

GENERAL COUNSEL OF THE
U.S. DEPARTMENT OF COMMERCE,
Washington, DC, September 10, 1985.

Hon. SLADE GORTON,
Chairman, Subcommittee on Science, Technology and Space, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for affording us extra time to review S. 1073, the "Japanese Technical Literature Act of 1985," and for providing us with a copy of the Committee Staff Draft dated August 23 of a proposed amendment in the nature of a substitute.

Before I turn to a discussion of this legislation and the problems it seeks to redress, I want to convey to you, Senator Baucus, Senator Rockefeller and Chairman Walgren the Secretary's appreciation of your respective efforts to help focus public attention on the important problem of how best to make Japanese scientific and technical information available to American business and industry.

This is not a problem that the United States can long afford to ignore. The competitive challenge we face from Japan was greatly facilitated by Japan's recognition of the importance of access to American R&D literature. Today Japan is no mere replicator of the creative talents of other nations. It is a major innovator in its own right. It is therefore imperative that the fruits of Japanese scientific and technical research be made available to American firms whose goods and services must compete with those of Japanese firms in world markets.

The Administration recognizes the importance of monitoring Japanese technical developments and the problems connected with access to and translation of Japanese technical materials. While some American scientists and engineers have sufficient familiarity with certain languages to be able to determine if a given article is worth the trouble and expense of having translated, few can fathom even one Japanese character and translators are not in abundant supply.

Various components of the Commerce Department are already taking action to help address these issues within the scope of their existing authorities:

The National Technical Information Service has already begun to explore the potential of computer-aided translation of

Japanese technical report literature and is seeking to enter into new agreements that could increase its access to important data bases containing English translations of Japanese material, such as its pending agreement for access to the data base produced by the Japan Information Center for Science and Technology.

The National Bureau of Standards has conducted seminars to help stimulate the engineering community to examine the issue of access to Japanese technical data and to help identify what professional societies, trade associations and private sector commercial organizations are doing to alleviate the problem. It continues to act cooperatively with Japanese research teams in certain matters pertaining to construction, fire research and ceramics, through which efforts U.S. industry is able to learn about Japanese developments at very early stages.

The International Trade Administration, along with the National Science Foundation, has sponsored a pilot program of assessing Japanese technical advancement in such critical industrial sectors as computer science, non-silicon based microelectronics, mechatronics and biotechnology.

The Patent and Trademark Office (PTO) continually adds new Japanese patents and published patent applications to the examiners' and public search files. An English-language abstract of the invention, obtained from the Japanese Patent Office, is placed on each document. As part of current efforts to promote cooperation between the PTO, the Japanese Patent Office and the European Patent Office, the PTO will receive full texts of Japanese patents and patent applications, including drawings, as well as English-language abstracts of these documents and the bibliographic data they contain. These items will be received in magnetic and digitized image form, fully readable to our examiners' and public workstations.

In addition, private organizations such as University Microfilms International are attempting to meet the need for Japanese technical information.

Accordingly, we believe it would be unwise at this time to try to legislate the outlines of a Federal program, to try to assess how much funding will be needed, and to determine how and through which office the various activities are to be coordinated. The Department has certainly demonstrated its sensitivity to the issues and its commitment to working to resolve them. Time is needed to permit us to evaluate our own initiatives, work with other Federal agencies to ascertain their needs, and to explore private sector activities. If you believe it would be helpful, the Department of Commerce is prepared to convene in interagency discussion to examine the issues raised by S. 1073, and to report to Congress on the result of our discussions.

A comparison of the original bill with the proposed substitute serves to illustrate some of the dangers of proceeding too quickly. As originally introduced, the bill called for actions to increase the availability of Japanese science and engineering literature. In fairly short order it was discovered that such language could permit the establishment of a Federal program that could compete

with, and discourage, ongoing efforts by private sector firms to meet the need for access to Japanese scientific and technical information. Although the Staff redraft (which calls for Federally-funded translations only to the extent not provided by the private sector and even then only on a cost-reimbursable basis) is a very definite improvement, the episode itself only underscores that we need to know more about the problem before we try to establish a comprehensive program.

Similarly, the redraft appears to require that whatever else we include in the annual reports required by proposed Section 5(d)(2), we must continue to include updated information on the same four industrial sectors that our International Trade Administration is examining under the pilot program described earlier. That may seem appropriate now, but such a requirement would limit our flexibility to devote resources to industries which may in future years assume greater importance. While this can be taken care of by a relatively simple redrafting, I think it again illustrates the perils of proceeding too quickly.

The Office of Management and Budget has advised us that there is no objection to submission of this report from the standpoint of the Administration's programs.

Sincerely,

DOUGLAS A. RIGGS.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

THE STEVENSON-WYDLER TECHNOLOGY INNOVATION ACT OF 1980

Section 5 of that Act

SEC. 5. COMMERCE AND TECHNOLOGICAL INNOVATION.

(a)–(c) * * *

(d) JAPANESE TECHNICAL LITERATURE.—(1) In addition to the duties specified in subsection (c), the Secretary shall establish and, through the National Technical Information Service and such other offices within the Department of Commerce as the Secretary considers appropriate, maintain a program (including an office in Japan) which shall, on a continuing basis—

(A) monitor Japanese technical activities and developments;

(B) consult with businesses and professional societies in the United States regarding their needs for information on Japanese developments in technology and engineering;

(C) acquire and translate selected Japanese technical reports and documents that may be of value to agencies and departments of the Federal Government, and to businesses and researchers in the United States; and

(D) coordinate with other agencies and departments of the Federal Government to identify significant gaps and avoid du-

plication in efforts by the Federal Government to acquire, translate, and disseminate Japanese technical information.

Activities undertaken pursuant to subparagraph (C) of this paragraph shall only be performed on a cost-reimbursable basis. Translations referred to in such subparagraph shall be performed only to the extent that they are not otherwise available from sources within the private sector in the United States.

(2) Beginning in 1986, the Secretary shall prepare annual reports regarding important Japanese scientific discoveries and technical innovations in such areas as computers, semiconductors, biotechnology, and robotics and manufacturing. In preparing such reports, the Secretary shall consult with professional societies and businesses in the United States. The Secretary may, to the extent provided in advance by appropriation Acts, contract with private organizations to acquire and translate Japanese scientific and technical information relevant to the preparation of such reports.

(3) The Secretary also shall encourage professional societies and private businesses in the United States to increase their efforts to acquire, screen, translate, and disseminate Japanese technical literature.

(4) In addition, the Secretary shall compile, publish, and disseminate an annual directory which lists—

(A) all programs and services in the United States that collect, abstract, translate, and distribute Japanese scientific and technical information; and

(B) all translations of Japanese technical documents performed by agencies and departments of the Federal Government in the preceding 12 months that are available to the public.

(5) The Secretary shall transmit to the Congress, within 1 year after the date of enactment of the Japanese Technical Literature Act of 1985, a report on the activities of the Federal Government to collect, abstract, translate, and distribute declassified Japanese scientific and technical information.

[(d)] *(e)* REPORT.—The Secretary shall prepare and submit to the President and Congress, within 3 years after the date of enactment of this Act, a report on the progress, findings, and conclusions of activities conducted pursuant to section 5, 6, 8, 11, 12, and 13 of this Act and recommendations for possible modifications thereof.

THE NATIONAL BUREAU OF STANDARDS AUTHORIZATIONS ACT FOR FISCAL YEAR 1986

Section 9 of that Act

OFFICE OF PRODUCTIVITY, TECHNOLOGY, AND INNOVATION

SEC. 9. In addition to the sums authorized in the preceding provisions of this Act, there is authorized to be appropriated to the Secretary for fiscal year 1986 the sum of [$2,715,000] *3,715,000* for the activities of the Office of Productivity, Technology, and Innovation.

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99TH CONGRESS *1st Session* | SENATE | REPORT 99-187

MISSISSIPPI TECHNOLOGY TRANSFER CENTER

NOVEMBER 18, 1985.—Ordered to be printed

Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany H.R. 3235]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (H.R. 3235) to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, Mississippi, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The bill would authorize the Administrator of the National Aeronautics and Space Administration (NASA) to accept title to a building, the "Mississippi Technology Transfer Center", to be constructed by the State of Mississippi (with funds appropriated by the State of Mississippi) at the NASA National Space Technologies Laboratories (NSTL) in Hancock County, MS.

BACKGROUND AND NEEDS

Under its organic act, the National Aeronautics and Space Act of 1958 (42 USC 2451 et seq.), the Administratror of NASA can accept only unconditional gifts. The Mississippi appropriations act which provides the $4 million to construct the center contains conditions which, while presenting no substantial problem, make enactment of this legislation necessary before the Administrator can accept title to the building. The conditions are described below.

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In section 9 of chapter 170 of the Mississippi General Laws of 1985 (as enacted on April 19, 1985), the State has appropriated $4,000,000 "for the purpose of defraying the expenses of constructing, furnishing, and equipping a building and related facilities" at NSTL. The State's purpose is to "enhance the State's economic development and activities, the transfer of technology from NSTL to the public and private sectors, the generation of high impact jobs, the development of spinoff industry throughout the State and the capabilities of private support contractors."

The Mississippi appropriations act specifies, as conditions on the expenditure of the funds appropriated, that NASA and the Governor of Mississippi shall enter into an agreement which includes requirements that:

(i) After completion and delivery of the Center to NASA the Administrator shall exercise exclusive control and responsibility for the facility throughout its lifetime at no additional cost to the State of Mississippi; and

(ii) Space be provided in such facilities for:

(A) The location of new agencies and contractors at NSTL as new jobs.

(B) The growth of existing agencies and their support contractors as new jobs.

(C) The establishment of a Center of Excellence for Remote Sensing to be staffed and operated by the Mississippi Institute of Technology Development.

(D) The expansion of the Mississippi Technology Transfer Office.

(E) Offices that can be made available to institutions of higher learning for research projects.

As an additional condition the building shall be named the "Mississippi Technology Transfer Center".

The building will provide space for a newly funded NASA Center for Commercial Development of Space. The Congressional Budget Office estimates that annual operating and maintenance (O&M) expenses will be $66,000. NASA will rent out space and services in the part of the building that is not occupied by the State of Mississippi, NASA, and NASA contractors. It is expected that the lease payments and user fees will closely approximate the annual O&M expenses, thereby resulting in little, if any, cost to the Federal Government.

LEGISLATIVE HISTORY

On September 4, 1985, H.R. 3235 was introduced in the House, whereupon it was referred to the Committee on Science and Technology. After H.R. 3235 was reported by that committee, the House approved it on October 28.

On November 14, 1985, this Committee considered H.R. 3235 and ordered it to be reported, without objection.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget

Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 14, 1985.

Hon. JOHN C. DANFORTH,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, 508 Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 3235, a bill to authorize the Administrator of the National Aeronautics and Space Administration (NASA) to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, Mississippi, as ordered reported by the Senate Committee on Commerce, Science, and Transportation, November 14, 1985.

We estimate that enactment of this legislation would result in no significant costs to the federal government and in no costs to state and local governments. The bill would authorize the NASA Administrator to accept title to a building to be built by the State of Mississippi, in return for which NASA would agree to provide for operating and maintenance expenses and reserve twenty percent of building space for free occupancy by the state. Annual operating and maintenance expenses are estimated to be $66,000, which would be largely offset by lease payments from tenants.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

This legislation authorizes NASA to accept title to the Mississippi Technology Transfer Center, under the condition that NASA exercise control and responsibility over the building. In order to offset the building's annual operations and maintenance costs, NASA will rent out space in the building that is not occupied by the State of Mississippi, NASA, or NASA contractors.

Any additional paperwork required of NASA in executing the lease agreements and in maintaining the building should not prove onerous.

SECTION-BY-SECTION ANALYSIS

Section 1

Authorizes the Administrator of NASA to accept title to the building and to enter into an agreement with the Governor of Mississippi in conformance with the Mississippi appropriations act.

Section 2

Provides that the bill does not authorize the enactment of new budget authority for a fiscal year before fiscal year 1987.

Section 3

Defines "Mississippi Technology Transfer Center" as the building built pursuant to the Mississippi appropriation.

AGENCY COMMENTS

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
Washington, DC, November 15, 1985.

Hon. JOHN C. DANFORTH,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The National Aeronautics and Space Administration has reviewed the bill H.R. 3235, the "Mississippi Technology Transfer Center Act of 1985", and voluntarily submits the following comments thereon.

Section 9 of chapter 170 of Mississippi General Laws of 1985, enacted on April 19, 1985 and effective July 1, 1985, appropriates four million dollars for the State of Mississippi to construct, furnish and equip a building of approximately 50,000 square feet, to be known as the Mississippi Technology Transfer Center (the Center), at the National Space Technologies Laboratories (NSTL) in Hancock County, Mississippi. H.R. 3235 would authorize the Administrator of NASA to accept title to the Center and enter into an agreement with the Governor of Mississippi for its operation and maintenance. NASA supports enactment of this bill.

Under the terms of the proposed agreement with the Governor of Mississippi, NASA would convey to the State of Mississippi a permit to design, construct, furnish and equip such a building to be located in a mutually agreed upon site in the central engineering and administrative area at NSTL. NASA would accept title to the Center on behalf of the United States and would assume full and exclusive control of and responsibility for the operation and maintenance of this facility upon the completion of construction and its official delivery to NASA. One half of the building would be used by the State of Mississippi, NASA and NASA's contractors and the other half would be leased to other resident agencies at NSTL. The revenues would be used to offset the costs of operation and maintenance of the facility.

NASA presently has in effect agreements providing office space at NSTL to the University of Southern Mississippi, the Mississippi State University, and the Mississippi Department of Economic Development. Under the terms of our agreements with these organizations they do not pay NASA rent based on the floor space they occupy, as in the case of other tenants of NASA buildings resident at NSTL, but they reimburse NASA for the cost of certain services and work which are performed for them. In the proposed agreement with the Governor of Mississippi, NASA would agree that offices in the new Center would be made available to these organizations on similar terms. Additionally, under the terms of the pro-

posed agreement, and subject to the availability of appropriations and to the extent reasonably possible, the space in this facility would be used for the:

1. location of new agencies and their support contractors at NSTL;
2. growth of existing agencies and their support contractors;
3. expansion of the Mississippi Technology Transfer Office;
4. accommodation of institutions of higher learning for research projects; and
5. the Institute for Technology Development, recently selected by NASA as one of the leaders for the Commercial Development of Space.

NASA would use its best efforts to support the State in its attempt to achieve its goals, acting at all times in accordance with its authority and power as defined in the National Aeronautics and Space Act of 1958, as amended (the Space Act), and other applicable Federal laws and regulations.

Section 203(c)(4) of the Space Act (42 U.S.C. 2473(c)(4)) authorizes NASA "to accept unconditional gifts of donation of . . . property, real, personal or mixed . . .". The donation of the property in question, however, is subject to the conditions specified in the proposed agreement with the Governor of Mississippi, as outlined above, and thus cannot be considered an unconditional gift. As such, NASA is not authorized to accept donation of this property. H.R. 3235 would provide NASA the specific authority to accept title to this property subject to the provisions of the agreement with the Governor.

NASA is very pleased with this proposed donation and the creation of the Mississippi Technology Transfer Center. This transaction would create the potential for encouraging economic development in Mississippi and promoting NASA's technology transfer program, a program whose benefits have positively affected our country as a whole.

NASA would like to see a provision in section 2 (see the enclosed revision to section 2) to ensure that the proposed agreement in section 1.2 be subject to available appropriations. NASA should be released from any contingent liability in this agreement in the event of construction overruns, the lack of appropriations to maintain, operate, or restore the Mississippi Technology Transfer Center facility, or any other event requiring additional appropriations. With this exception, NASA endorses the enactment of H.R. 3235, without which the agreement for the creation and operation of the Mississippi Transfer Center could not be implemented.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

Sincerely,

JOHN F. MURPHY,
Assistant Administrator for Legislative Affairs.

Enclosure

REVISED SECTION 2 OF H.R. 3235

SEC. 2. Limitations on appropriations:

(1) This Act does not authorize the enactment of new budget authority for a fiscal year before fiscal year 1987.

(2) This Act mandates that the proposed agreement in Section 1.2 of this Act is subject to available appropriations. NASA shall be exempt from any contingent liabilities related to this agreement in the event of construction overruns of the Mississippi Technology Transfer Center, the lack of appropriations to maintain, operate, or restore the Mississippi Technology Transfer Center, or any other event requiring additional appropriations.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

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Calendar No. 424

99TH CONGRESS
1st Session

SENATE

REPORT
99-193

METROPOLITAN WASHINGTON AIRPORTS TRANSFER ACT OF 1985

NOVEMBER 20 (legislative day, NOVEMBER 18), 1985.—Ordered to be printed

Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 1017]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1017) to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to shift control over operation and development of Washington National (National) and Washington Dulles International Airports (Dulles) from the Federal Aviation Administration (FAA), within the Department of Transportation (DOT), by authorizing a transfer under long-term lease of the two airport properties as a unit (including access highways and other related facilities) to an independent airport authority (the "Authority") to be created by the Commonwealth of Virginia and the District of Columbia, in order to improve the management, operation, and development of these important transportation facilities.

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Background and Needs

Two of the three major airports serving the Nation's Capital, National and Dulles, are operated by the Federal Government. All other major airports in the United States are run by public agencies that represent the interests of the localities, States and regions served by such airports. Day-to-day management of National and Dulles by the Federal Government is the result of their location in the National Capital Region. However, since the Congress authorized the construction of National in 1940 and of Dulles in 1950, the air travel and cargo needs of the Washington area have grown enormously and today overshadow the Federal Government's interests in the operations of those facilities.

Independent reports beginning with the 1948 Hoover Commission Report have identified the daily management of these public commercial airports as inappropriate for a traditional federal agency. Debate over this issue and various legislative proposals in succeeding decades typically have become ensnarled in collateral issues, such as selection of an appropriate site for Dulles. There is no question that the daily management of the airports by the Metropolitan Washington Airports unit of FAA has been excellent. However, inclusion of the airports in the unified Federal budget has generally stymied most efforts to improve or expand facilities at either airport to keep pace with the growing commercial and air travel needs of the Washington area. No major capital projects have been financed at either airport from Federal appropriations since the construction of Dulles in the early 1960's. Given the continuing need to limit federal expenditures to reduce Federal deficits, it is unlikely that any significant capital improvements could be undertaken at the airports in the foreseeable future.

There is general agreement that utilization and projected growth at the two airports justify capital improvements totaling at least $240 million, a figure used in preparing financial analyses for the administration proposal. Faced with these needs, and the relatively low priority that operation of the airports takes among greater Federal Government responsibilities, the Secretary of Transportation appointed an advisory commission of congressional, State, and local officials, and aviation representatives, chaired by former Virginia Governor A. Linwood Holton, Jr., to develop the most feasible means to transfer the airports to local control. This Commission made a transfer recommendation to the Secretary in December 1984. In all significant respects, S. 1017, as reported, embodies that recommendation.

The Committee has studied the issues underlying the transfer proposal and has concluded that current Federal management, despite an excellent day-to-day track record, no longer serves the best interests of the Nation's Capital and the Washington region, and that transfer by lease is justified. The Committee considered an alternative approach, embodied in S. 1110, to make adequate capital funding available to the airports through direct appropration of $250 million from the Airport and Airway Trust Fund. This approach did not appear to be equitable or feasible on several grounds. Other large airports are required to finance their projects in private markets with only partial Federal aid. Drawing funding

of $250 million for just two airports for 100 percent of their projects, at the expense of other deserving airport projects nationwide, could not be supported by the Committee. Moreover, a commitment of this size in the aviation accounts would, in the Committee's view, threaten to supplant other important aviation needs that might otherwise be funded. In sum, Federal appropriations of the magnitude necessary to develop the two airports properly are not likely to be available in the foreseeable future. As a result, the Committee concluded that S. 1017, with an amendment in the nature of a substitute, should be favorably reported for Senate action.

Legislative History

On April 26, 1985, Senators Warner, Trible, and Danforth introduced S. 1017, the "Metropolitan Washington Airports Transfer Act of 1985" at the request of the administration. On June 26 and July 11, 1985, the Subcommittee on Aviation held hearings on the transfer proposal. S. 1110 was also discussed at those hearings.

On September 11, 1985, the Committee ordered the text of S. 1017 reported, by a vote of 12 to 4, after agreeing to an amendment in the nature of a substitute.

On November 14, 1985, the Committee ordered reported, by voice vote, a Committee amendment to the amendment in the nature of a substitute previously ordered reported. This Committee amendment would transfer to the independent airport authority created by this legislation full responsibility for regulating airport aircraft noise at National.

Summary of Major Provisions

The major provisions of S. 1017, as reported, are as follows:

First, the bill authorizes and directs the Secretary to negotiate a 35-year lease of the real properties that constitute the two Metropolitan Washington Airports, and thereby transfer Federal authority over the airports and airport employees to the Authority.

Second, the bill provides that consideration for the lease (and eventual transfer of all remaining Federal interests to the Authority) should compensate the Federal Government for: (1) its annual appropriations on behalf of the airports that have not been recouped from fees charged at the airports, plus interest, and (2) the estimated portion of the unfunded pension liability for the airport employees (who will remain in the Federal retirement system) that arises after transfer to the new Authority. Further, a $36 million payment would be required to be made by the Authority on behalf of the United States to the State of Maryland Transportation Trust Fund.

Third, certain powers of the new Authority are specified to assure that the successor agency to the FAA is properly constituted.

Fourth, minimum requirements are specified for the 35-year lease to secure important federal and community interests in the future operation and development of the airports, including continued access for the FAA and all airport users on the same basis as

at other airports accepting federal assistance, and use of the leased property only for airport purposes.

Fifth, important rights and benefits of current Federal employees at the airports are maintained for 2 years following transfer, much as they were for Alaska Railroad employees in the Alaska Railroad Transfer Act of 1982 (Public Law 97-468), in areas such as position, salary, leave, retirement, and insurance benefits.

Sixth, necessary changes are made to the Washington Airports Acts and other laws to permit these airports to function like other major airports after transfer.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 1, 1985.

Hon. JOHN C. DANFORTH,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 1017, a bill to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 1017.

2. Bill title: A bill to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science and Transportation, September 11, 1985.

4. Bill purpose: This bill authorizes the Secretary of Transportation to negotiate a long-term lease and agreement for the subsequent transfer of Washington National and Dulles International Airports to an independent airport authority. Under provisions specified in the bill, the new authority would lease the airports for 35 years, at which time the federal government would relinquish its jurisdiction over the airports.

5. Estimate cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated budget authority/authorization level		7	8	10	11
Estimated Outlays		−17	20	18	18

This estimate does not include potential costs or savings to the federal government related to proposed major capital improvements at the two airports. Federal Aviation Administration (FAA) officials have estimated that the needed improvements would cost between $240 million and $370 million through 1990. The CBO baseline, which is based on 1985 appropriation action, does not assume that future appropriations would be made to cover these expenses. The bill would result in savings to the federal government, however, if the Congress would have appropriated such funds for improvements, in the absence of this bill. On the other hand, if the new airport authority issues tax-exempt bonds to finance the improvements, CBO estimates that the cost to the federal government, discounted to reflect its value in the first year of expenditures, would range from about $116 million to $170 million. Thus, any capital improvements would be less costly to the federal government if carried out by the airport authority.

The budget impact of this bill falls primarily within budget function 400.

Basis of estimate: For the purposes of this estimate, it is assumed that the transfer of the airports would take place at the beginning of fiscal year 1987. As a result, no appropriations for operations, maintenance, and construction would be made after fiscal year 1986, nor would receipts from fees, concessions, and leases be collected after that year. In fiscal year 1985, about $50 million was appropriated for the Metropolitan Washington Airports—$36 million for operations and maintenance, and $13 million for construction costs. CBO's baseline projections include total outlays of $49 million in 1987, increasing to $53 million in 1990. Receipts derived from landing fees, concession activity, and lease arrangement totaled $52 million in fiscal year 1985, and were deposited as offsetting receipts in the general fund of the Treasury. In the absence of this bill, receipts are projected to grow to $62 million in 1987 and to $74 million by 1990. Thus, receipts are projected to exceed outlays by $21-24 million annually over the 1987-1990 period—and this net income to the government would be lost if the bill is enacted.

The bill also requires the airport authority to make annual lease payments to the government for 35 years. These payments must be sufficient to repay previous shortfalls between appropriations to the airports and the revenues earned from airport operations that are deposited in the general fund (the "hypothetical debt" owed to the federal govenrment). Based on information from the Department of Transportation, this debt is estimated to be approximately $35 million at the end of fiscal year 1986. In addition, unobligated balances and obligated but unexpended balances of appropriations remaining at the time of the transfer would be credited the new authority, so long as an indentical amount is added to the debt

owned to the government. CBO estimates that these balances will total $22 million at the end of fiscal year 1986, bringing to $57 million the total debt owed by the authority to the federal government. The bill also requires such debt to be paid at the imputed interest rate used by the FAA for calculating its annual estimate of indebtedness—approximately 4.9 percent. CBO estimates that this would result in annual payments of approximatly $3.5 million to the federal government for 35 years.

The bill also requires the new airport authority to make a one-time payment to the U.S. Treasury within one year after the date of the transfer, to cover the portion of future employee retirement benefits that is not funded from employee or agency contributions. These costs, known as the unfunded liability, are usually borne by the general fund of the Treasury for most civil service employees. Under the provisions of the bill, the Office of Personnel Management (OPM) is required to estimate the liability. Based on preliminary analysis, OPM has estimated the payment to be approximately $35-40 million; they have indicated that this estimate may change when a final analysis is done at the time of the transfer. The preliminary estimate assumes a discount rate of about 10 percent. If a lower rate is used in the final analysis, the amount of the payment would increase. For the purposes of this estimate, CBO has assumed a lump sum payment of $37 million in fiscal year 1987.

6. Estimated cost to State and local governments: The bill requires the new authority to pay $36 million to the State of Maryland within one year after the transfer, to be credited to the Transportation Trust Fund. This would result in an increase in revenues to that state.

6. Estimate comparison: None.

8. Previous CBO estimate: On August 21, 1985, CBO transmittted an estimate for Senator Hollings, comparing the cost to the federal government of financing improvements to the Washington Metropolitan Airports through direct federal funding and through local financing from tax-exempt bonds. That analysis concluded that if improvements under the two scenarios were to cost $250 million and construction was begun in 1986, the cost to the government in 1986 dollars would be $116 millon in forgone tax revenue if tax-exempt bonds were issued, compared to $215 million if federal funds were used to finance the construction.

9. Estimate prepared by: Kathleen Kelly and Sherri Kaplan.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

This bill does not provide any significant regulatory burdens in addition to those that will naturally result from the change in status of the Metropolitan Washington Airports from a Federal to a local agency. The Authority will be subject to FAA regulations applicable to all airport operators and to all recipients of grants

under the Airport Improvement Program. At the same time, it will be relieved of the many Federal regulations applicable to the operations of Federal agencies.

The legislation does not impose any regulatory burdens on air carriers, operations of general aviation aircraft, or any other airport user, nor will it have an adverse effect on the personal privacy of any individual. There should be no increase in paperwork requirements imposed by the enactment of this act.

SECTION-BY-SECTION ANALYSIS

SECTION 1.—SHORT TITLE

The first section provides that this act may be cited as the "Metropolitan Washington Airports Tranfer Act of 1985".

SECTION 2.—FINDINGS

This section sets forth the factors that underlie the decision to seek a transfer in control over the two airports. Certain compelling reasons justify a transfer to regional operation and control. As set forth in this section, they are:

(1) the two airports constitute an important and growing part of the commerce, transportation, and economic patterns of the region;

(2) a third major airport, Baltimore/Washington International Airport (BWI), also provides quality air transportation to the Washington area;

(3) the Federal Government has a continuing but limited interest in the airports which serve the region as well as the capital city:

(4) operation of the two airports by an independent local agency will facilitate timely improvements to meet growing demand precipitated by the Airport Deregulation Act of 1978 (Public Law 95–504);

(5) all other major airports nationwide are operated by public entities at the State, regional, or local level;

(6) the interests of nearby communities, the traveling public, air carriers, general aviation, airport employees, involved governments, and other interested parties are integral to the transfer;

(7) DOT has advocated a transfer that is consistent with the management of major airports elsewhere in the Nation;

(8) an operating authority with representation from the local area will improve communications with local officials and concerned residents concerning airport noise;

(9) a commission of congressional, State, and local officials and aviation representives has recommended the course of action represented in the bill; and

(10) adequate congressional oversight of airport operation and development can be provided through use of the lease-transfer mechanism.

The second and sixth findings listed were agreed to by the Committee as amendments that reflect the relationship of the airports transfer to the interests of the surrounding community as a whole.

In particular, the Committee recognizes that decisions made by the Authority may affect operations at BWI, owned and operated by the State of Maryland, and urges close coordination and cooperation between Maryland officials responsible for BWI and their counterparts at the Authority. DOT and the State have long recognized BWI's important role as an airport that serves the metropolitan Washington area, and the Committee directs the Authority and the Secretary actively to consider BWI's role when undertaking the broad range of facilities planning, traffic forecasts, and related activities for Dulles and National.

SECTION 3.—PURPOSE

This section states that it is the legislation's purpose to authorize the transfer under long-term lease of the two airports as a unit, to a properly constituted independent airport authority to be created by Virginia and the District of Columbia, in order to improve the management, operation, and development of these important transportation assets.

During mark-up of the legislation, the Committee agreed to an amendment to this section to guarantee that BWI may seek to join the Authority on terms agreeable to all parties. This leaves open the possibility of a further improvement in transportation coordination for the two regions, should the State of Maryland decide that such a step is desirable.

SECTION 4.—DEFINITIONS

This section defines important terms used in the legislation, including "Airports Authority" and "Metropolitan Washington Airports."

"Airport Authority" is defined to mean an agency created, following enactment of this bill, by legislative actions by the Commonwealth of Virginia and the District of Columbia, which must conform to the specified minimum characteristics described in the discussion of section 7 in this section-by-section analysis.

"Metropolitan Washington Airports" is defined to mean the two airport properties themselves, including the Dulles Airport Access Highway and right-of-way, including the extension between the Interstate Routes I-495 and I-66.

SECTION 5.—TRANSFER OF METROPOLITAN WASHINGTON AIRPORTS AND PERSONNEL

This section contains the statutory direction to the Secretary to undertake the transfer of airport facilities and employees in order to place control over operation and development of the airports in a public, regional operating authority.

A period of up to 2 years following enactment is provided to complete negotiations concerning the transfer, and to prompt swift action by Virginia, the District of Columbia, and Maryland to appoint members of the Authority that will conduct negotiations with the Secretary.

Subsection (b) provides the first of a series of conditions that the Authority must accept before the airports may be transferred. It

sets out in detail the amount of compensation that the Federal Government will receive in return for transferring control over these important facilities to a successor public operating entity. This subsection generated controversy during the Committee's consideration of the bill. Several Committee members expressed their belief that the Federal Government should "charge what the market would bear" and obtain the highest price any potential purchaser might offer. In this regard, the Committee has carefully analyzed the methodology used by the "Grace Commission" (the President's Private Sector Survey on Cost Control) for such a sale of the airports.

After considering the Grace Commission approach, the Committee concluded that the proposal by the administration better reflected the intent of transfer: to place these airports as much as possible on the same basis as all other air carrier airports in the United States, and to continue to use them as transportation assets for the public good on a cost-recovery basis, rather than converting them into a profit-making enterprise. At present, all U.S. air carrier airports are operated by public authorities, or by State and local agencies, and all their revenues are used to pay operating costs and debt service. This Committee and the Congress requires this approach as a condition for grants under the Airport and Airway Improvement Act of 1982 (Public Law 97-248).

It is the Committee's view that to "charge what the market would bear" for the airports would be inequitable to the traveling public and the aviation community as well. While the airports have received annual appropriations for operating and capital costs since their inception, they have also been required to deposit all revenues in the General Fund of the Treasury. Also, all aviation activity at the airports pays the same user fees into the Airport and Airway Trust Fund as are paid elsewhere, yet none of these fees ever return to the airports as grants. In these two ways, the Federal Government has, in effect, already been compensated for most of its expenditures to build and operate the airports. To attempt to "sell" the airports to the highest bidder at this point would in effect require aviation users to pay for the facilities a second time, because the users would bear the burden of the debt service to make the purchase through increased charges levied by the new owner. Depending on the amount of such a "sale price", the debt service to finance it could so burden the new Authority that it could not afford to undertake in a timely manner the substantial improvements (at least $240 million worth) that are a major justification for the transfer proposal.

The alternative that was recommended to the Secretary by the Advisory Commission, and adopted in this bill, instead makes the Federal Government whole through two payments to "clear the books" of any net obligation owed to the Treasury by virtue of the airports' operation.

Accounting records of appropriations made to the airports for all purposes—operating expenses and capital improvements—have been kept since National was built. The records include all elements of cost, beginning with the cost of the land on which National is built. Basically, the accounting adds operating and capital expenditures made each year, subtracts airport revenues, and applies

a composite interest rate based on the prevailing Treasury rate at the time the major expenditures were undertaken. The interest is added to create the next year's beginning balance. The result is a "hypothetical debt", which is expected to equal about $47 million as of the end of fiscal year 1985. The outstanding amount is relatively low because very few major capital improvements have been made since Dulles was constructed 23 years ago.

The Committee considered the repayment issue at length and concluded that this is the appropriate measure for compensating the Treasury for Federal expenditures to date. Paragraph (2) would require annual lease payments over the 35-year term of the lease sufficient to repay the Federal Government this outstanding "hypothetical debt", to be determined at the time of transfer. In view of the importance of the accounting methods used to determine the outstanding "indebtedness", the Committee agreed to an amendment requiring an audit by the Comptroller General of the final amount to be repaid. This audit, to assure conformity with generally accepted accounting principles, shall be completed and submitted to the Congress not later 6 months after enactment of the bill.

Paragraph (3) specifies the second type of compensation payable to the Federal Government to relieve it fully of the future costs of airport operation. The bill provides that current airport employees should be entitled to retain their participation in the Federal retirement system, because in many cases it may have served as a significant inducement to hiring and retention of the airports' employees. Allowing such continued participation has been common practice in the transfer of other Federal activities (e.g., Alaska Railroad, Panama Canal Commission, Public Health Service Hospitals). However, the combined retirement contributions of employee and employing agency have not covered the total costs to the retirement system, giving rise to a so-called "unfunded liability" that is made up from the General Fund. The administration concluded, and the Committee agreed, that the portion of unfunded liability that would accrue in the period following transfer should be borne by the new Authority. Thus, this paragraph specifies that the Office of Personnel Management will project the gap between future contributions and payouts, and that the Authority will be required to deposit the appropriate "net present value" of these costs into the retirement Trust Fund in the Treasury within a year of transfer. This consideration is estimated to be about $37 million.

In addition to these two types of compensation that would be paid to the Treasury, a third would compensate the State of Maryland, on behalf of the United States, for a past purchase of airport facilities in the region that involved an "up front" purchase price. The State of Maryland paid the City of Baltimore $36 million for Friendship Airport in order to develop the facility as the present BWI. As earlier noted, the Committee found that this facility also contributes significantly to the transportation needs of the region. Accordingly, the Committee included paragraph (4) to put the three facilities on an equal footing, by specifying that the new Authority pay further consideration for the airports in the form of a payment to the Transportation Trust Fund of the State of Maryland in the amount of the $36 million purchase price. In this rough fashion, the users of air transportation in the greater Washington area will

share in bearing the historic costs of developing first-class air transportation facilities in the region.

The combined effects of section 5(b) of the bill would be to require approximately $120 million to be paid for the airports, all but $47 million of which be within 1 year of transfer. While this total is justified on the basis of the rationales set forth above, it will impose a significant burden on the new Authority. Moreover, the airports are required to be operated on a basis that only recovers overalls costs; this is intended to prevent the Authority from reaping a "profit" that could make the $120 million purchase price a real bargain. Sections 7 and 8 of the bill prohibit use of airport facilities for other than airport purposes. Also, the Committee agreed to include language stating that property at Dulles necessary for additional runway development and a "perimeter buffer zone" shall not be devoted to commercial building that would return revenue in excess of Authority costs. Together, these provisions establish the appropriate amount of compensation for transfer, and ensure that it does not constitute a windfall to the Authority.

Subsection (c), (d), and (e) of section 5 provide that the Secretary's actions to carry out the Act must conform in all respects to and be consistent with all of the provisions of the Act. Most important, subsection (d) requires that the lease entered into for transfer of the aiports shall provide for the operation, maintenance, protection, promotion, and development of the airports "as a unit" and "as primary airports serving the Metropolitan Washington area". This precludes any attempt to change the character of combined operation of the two airports as major air carrier airports.

SECTION 6.—CAPITAL IMPROVEMENTS, CONSTRUCTION, AND REHABILITATION

This section expresses the sense of the Congress that the new Authority should pursue the improvement, construction, and rehabilitation of Dulles and National facilities simultaneously, and, to the extent practicable, to complete these projects within 5 years of the issuance of bonds for their financing. The timely and efficient modernization of National and the expansion and improvement of Dulles are essential elements in the decision to transfer control of the two airports. The Federal Government's relinquishment of control to an independent authority with the power to issue bonds is premised upon the Committee's belief that transfer of control will remove the roadblocks to ensure that National and Dulles airports both become 21st century facilities. National's parking, ground access, and terminal facilities are inadequate; the needed renovations of and the additions to its facilities have been neglected for many years. At Dulles, explosive growth in airline operations and passenger traffic means that a midfield terminal must be begun promptly to meet demand.

A principal objective of the legislation, therefore, is to ensure that the modernization of National and the expansion of Dulles are not further delayed. To further this objective, it is the intention of section 6 that the Authority shall not unduly favor one airport over the other, either in funding for capital improvement projects or in the timing of the initiation and completion of such projects.

Financial analyses demonstrate that it is financially feasible for the Authority to issue bonds to support essential construction at both airports within a 5-year period.

SECTION 7.—INDEPENDENT AIRPORTS AUTHORITY

This section sets out the minimum criteria for a successor agency to the FAA that would assure the traveling public and the industry that the airports would continue to be run for the broad public interest and the region as a whole following transfer. These conditions have for the most part already been incorporated into the interstate compact legislation enacted by the Virginia General Assembly in March of this year, and in virtually identical District of Columbia legislation signed by Mayor Barry on October 9, 1985. For example, any authority created by the two jurisidictions to take over the airports must be qualified to issue its own revenue bonds for airport improvements, rather than "full faith and credit" general obligation bonds. This will eliminate the possibility that the Authority would be able to look beyond its own revenue sources in planning projects. Financial independence of the Authority will also assure that it will serve the entire region equitably.

The minimum criteria set forth in section 7 are that the Authority must be:

Authorized to acquire, maintain, improve, operate, protect, and promote the airports for public purposes;

Operated independently of the State and local governments of the two jurisdictions;

Authorized to finance projects by issuing revenue bonds for public purposes that are not the indebtedness of the State or local governments;

Authorized to acquire real and personal property, and to exercise such powers of eminent domain as are conferred upon it by the Commonwealth of Virginia (the jurisdiction in which both airports are located);

Constituted solely to operate the two airports as primary airports;

Authorized to levy fees and other charges, but only for use in paying operating and capital costs;

Authorized to make and maintain agreements with employee organizations to the same extent as the Federal Government;

Operated under an appropriate conflict-of-interest provision for employees and the Board; and

Governed by an 11-member Board representative of the three jurisdictions in the region, as well as the Federal Government. The Federal member appointment would be made by the President, subject to the advice and consent of the Senate.

Regarding Board makeup, Virginia would appoint five members, the District of Columbia would appoint three members, and Maryland would appoint two members. The weighted representation reflects a delicate political compromise made by the Advisory Commission, reflecting a balance between the location of the airports and the source of the passengers. The Committee considered but did not adopt language to decrease Virginia representation on the Board by two members and increase the Federal representation ac-

cordingly. Increased Federal membership would not be necessary to the protection of Federal interests, which are adequately guaranteed by the provisions of the bill, and would be contrary to the intent of the bill to shift control to a regional authority. In addition, the Virginia General Assembly and the Council of the District of Columbia have already enacted implementing legislation that reflects the Board makeup prescribed by the bill. This was another reason to maintain the original balance. The Secretary stressed in her testimony before the Committee that the support of most local jurisdictions for the Advisory Commission recommendations was critical to the bill's success and that those recommendations should be conformed to closely.

SECTION 8.—MINIMUM TERMS AND CONDITIONS OF LEASE

This section establishes a 35-year term for the lease of airport facilities and specifies the needed reservations and requirements to ensure the Federal interest in continued use of these facilities for primary airport purposes. These are:

Airport property must be used only for airport purposes (or otherwise be reclaimed by the Secretary) and the property at Dulles that is necessary for additional runway development and for noise buffer may not be devoted to commercial building development that returns revenues to the Authority in excess of expenses;

Airport facilities and space shall be available without cost to the United States for air traffic control, weather, communications and related purposes (patterned after section 511 of the Airport and Airway Improvement Act of 1982 (49 App. U.S.C. 2210));

Airport facilities shall be available to the public, including commercial and general aviation, on fair and reasonable terms and without unjust discrimination (also patterned after section 511 of the Airport and Airway Improvement Act of 1982);

Airport regulations would be continued under the authority of the Airports Authority, except that inappropriate "Federal Government" regulations would lapse (most importantly, the so-called passenger cap), and the FAA's air traffic rule establishing "slot" levels for air carriers would be frozen at current levels (except insofar as air safety dictates a change);

The Airports Authority would be required to assume responsibility for the FAA's Master Plans for the Metropolitan Washington Airports and for most of the United States rights, liabilities, and obligations associated with the airports, such as leases, permits, licenses, contracts, agreements, claims, tariffs, accounts receivable, accounts payable, and litigation relating to such rights and obligations;

The Comptroller General of the United States would be authorized to conduct periodic audits of the activities and transactions of the Airports Authority;

The Airports Authority would be required to adopt a code of ethics and financial disclosure to assure the integrity of all decisions made by the Board and its employees;

Cross-subsidization of operations at either Dulles or National through use of revenues from landing fees and automobile parking at the other airport would be prohibited;

General aviation landing fees would be required to be established on the same basis as air carrier fees, to avoid discrimination against this class of operation.

In general, these provisions would maintain the *status quo* with respect to operations at Dulles and National. In particular, the Committee intends that access to the airports by general aviation and regional airline aircraft be guaranteed in the future on a basis that is equitable with respect to that accorded other users, and which at the minumum fairly represents historic ratios of use or allocation.

The section also establishes the level of air carrier operations at National and specifies the limited manner in which that level may be altered, absent further legislation. The number of air carrier operations allowed may be changed only for reasons of safety, and only by the FAA, whose plenary authority under the Federal Aviation Act of 1958 over the safety of aircraft operations precludes independent action by the Authority. This freeze on the number of operations is established in lieu of the so-called passenger cap, which the bill eliminates.

The Committee notes that noise at National, and particularly noise between 10 p.m. and 7 a.m., has been a controversial and divisive issue. In transferring responsibility for the nighttime noise standards at National to the Authority, the Committee expects that the Authority would waive the existing standard to allow aircraft operations above the standard only in limited circumstances and only when proposed operations exceed the existing standard by a minimal amount. In such cases, the Committee expects the Authority to seek compensating reductions in noise created by other operations of the carrier seeking a waiver, so that the overall impact of noise is not increased.

With respect to land use, the Committee concurs that the 10,000-acre Dulles site is a valuable and scarce resource that must be preserved if Dulles is to accomplish its mission as a major commercial air carrier airport, consistent with the original public purpose (64 Stat. 770) for acquiring the property. The reported bill's language is consistent with Administration testimony that all undeveloped land at Dulles is required either for future airport development, principally runways, or to preserve the existing open space noise buffer defining the Airport's perimeter boundary. It is the intent of the Committee that all Dulles property be developed in a manner consistent with its primary mission as a commercial air carrier airport.

As stated at section 10(a), the bill seeks to assure that the Authority has the same proprietary powers as any other airport. The Committee is mindful, however, of the State of Maryland's view that the common landing fee at National and Dulles, established by combining operating costs at the two airports, serves to disrupt market forces by providing an unfair competitive advantage to Dulles. While the Committee does not have a general position on rate setting by airport authorities with more than one airport, it does believe that the public interest would be best served in this

case by separate landing fees. With both airports requiring prompt improvements, it is appropriate that, in the future, landing fees be set to meet the separate costs of operations and improvements at each airport.

To assure public understanding of the Authority's financial practices, the Committee intends that the Authority's annual financial reports, as have the Metropolitan Washington Airports reports in the past, include a breakdown of user fee revenues and expenses by airport, and that they be provided to the Committee and made available to the public.

Under section 8(b), failure to observe the requirements specified above or other conditions of the lease would provide cause for the Attorney General (on behalf of the United States) or another aggrieved party to seek judicial enforcement of the lease.

SECTION 9.—FEDERAL EMPLOYEES AT NATIONAL AND DULLES AIRPORTS

This section assures that the permanent Federal employees at the airports who would transfer to the new Authority will retain for 2 years the important existing aspects of their employment relationship with the Federal Government. The Committee adopted the same approach in legislation in 1983 transferring the Alaska Railroad to an entity of the State of Alaska, and believes that this arrangement proved satisfactory.

Employees would be guaranteed retention in their current positions, at current salaries, for 2 years following transfer. Premium as well as basic pay rates would be protected. Annual and sick leave balances would transfer, and leave accrual in these accounts would be guaranteed for 2 years at the same rates as apply to Federal employees. Life and health insurance comparable to Federal programs would be available to the employees for the 2-year period as well. Labor agreements would be honored for up to 2 years while renegotiation occurs. An employee with retirement rights under Federal civil service law would be assured continuation of those rights (not just for the 2-year transition period, but upon retirement, including early retirement). Non-transferring employees would be entitled to the rights and benefits available under Federal law for separated employees, other than severance pay, as all employees are guaranteed a job with the new Authority.

The Committee also deleted a provision that would have required retirees from the two airports who might be rehired by the Authority to forego a portion of their salary equal to their pension because such a restriction would not apply to any other Federal retirees who might be hired at the airports. Thus the Authority would be able to hire any former federal employees it deems desirable on the same basis as any other non-Federal employer.

SECTION 10.—RELATIONSHIP TO AND EFFECT OF OTHER LAWS; APPROPRIATIONS

This section, while technical in some respects, accomplishes the important goal of putting the transferred airports, to the greatest degree possible, on the same footing as other U.S. airports. Most importantly, it establishes the eligibility of the two airports for Federal assistance under the Airport and Airway Improvement Act

of 1982 (Public Law 97-248) on the same basis as other airports. After transfer, there is no reason to continue the current prohibition on airport grants to these airports. The language of section 10(a)(1) is careful to treat the airports as grant recipients from the moment of transfer. This makes the Authority subject to the same grant assurances and conditions that apply to other airports that have received Federal-aid airport grants in the past.

Paragraphs (2) and (3) of subsection (a) effectively provide that the Airport Acts and other Federal law applicable to the airports shall not be effective during the term of the lease, and retention of fee simple ownership of the airports by the Federal Government shall not, of itself, put them on a different legal basis from airports not owned by the Federal Government.

Paragraph (4) grants the Commonwealth of Virginia concurrent (with the United States) police power over National, which is an exclusive jurisdiction of the United States, to permit enforcement of local law at that airport as local law is presently enforced at Dulles. Comparable authority is granted to the courts of the Commonwealth.

Paragraph (5) strikes a balance between the continuing interest of the Federal Government in maintaining the physical appearance of the airports, and freeing the new Authority from unnecessary levels of Federal control. Thus, upon transfer the airports would no longer be subject to the Federal construction planning and review process carried out by the National Capital Planning Commission, except for major alterations to the exterior of the Dulles terminal building or development that would alter the skyline of National when viewed from the opposing shoreline of the Potomac River or from the George Washington Parkway. This paragraph also requires consultation with the Advisory Council on Historic Preservation with respect to any major alteration to the exterior of the Dulles Terminal.

Subsection (b) is a technical provision to allow the transfer of unobligated balances of appropriations to the new Authority, for continuity and transition purposes, so long as an equal amount is added to the "hypothetical indebtedness" that must be repaid to the Treasury.

SECTION 11.—CONCLUSION OF THE FULL TERM OF THE LEASE

This section would be activated after completion of the 35-year term of the lease, and would turn over all remaining Federal interest in the airports to the Authority. The acts providing for the administration of National and Dulles and related laws would be repealed automatically at that time. This arrangement has the effect of preserving for the Congress the opportunity to assure, through the passage of time, that the other provisions of the legislation are having their intended effect before transfer is complete.

A reference to relevant provisions of the Supplemental Appropriation Act of 1940 (54 Stat. 686) was added by the Committee. This was necessary because a provision in the 1940 statute limited contracts at National to a maximum term of 5 years. This limit would be inappropriate once the Authority succeeds the United States.

SECTION 12.—STUDY RELATING TO CERTAIN TAXES

This section would require the Authority to study whether and to what extent Arlington County, VA, within which the Federal preserve constitutiing National lies, should be entitled to impose certain county taxes (personal property and leasehold) on entities there. Current law, not altered by the provisions of this bill, deals specifically with this issue, and Congress would benefit from such a study before it undertakes any legislation to disturb the status quo. A short deadline (12 months following enactment of this bill) is established to permit rapid resolution of the issues invovled.

SECTION 13.—SEPARABILITY

This section states that the invalidation of any particular provision of the act or any application would not thereby invalidate the legislation as a whole.

ROLLCAL VOTES IN COMMITTEE

In accordance with paragraph 7(c) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following record votes during its consideration of S. 1017:

On amendment offered by Senator Exon to appoint 3 members to the Board of the Airports Authority who are from outside the District of Columbia, the State of Maryland and the Commonwealth of Virginia:

YEAS—4	NAYS—12
Mr. Pressler	Mr. Danforth
Mr. Hollings	Mr. Packwood [1]
Mr. Riegle [1]	Mrs. Kassebaum
Mr. Exon	Mr. Gorton
	Mr. Stevens [1]
	Mr. Kasten [1]
	Mr. Trible
	Mr. Long
	Mr. Inouye
	Mr. Ford
	Mr. Gore
	Mr. Rockefeller

On amendment offered by Senator Inouye to make a payment to the State of Maryland:

YEAS—11	NAYS—5
Mr. Danforth	Mr. Pressler
Mr. Packwood [1]	Mr. Hollings
Mr. Kassebaum	Mr. Long
Mr. Gorton	Mr. Riegle [1]
Mr. Stevens [1]	Mr. Exon
Mr. Kasten [1]	
Mr. Trible	
Mr. Inouye	
Mr. Ford	
Mr. Gore	
Mr. Rockefeller	

[1] By proxy.

On amendment offered by Senator Trible regarding reemployment of certain employees:

YEAS—10	NAYS—5
Mr. Danforth	Mr. Pressler
Mr. Packwood [1]	Mr. Hollings
Mr. Kassebaum	Mr. Exon
Mr. Gorton	Mr. Gore
Mr. Stevens [1]	Mr. Rockefeller
Mr. Kasten [1]	
Mr. Trible	
Mr. Long	
Mr. Inouye	
Mr. Ford	

On motion to report S. 1017 with an amendment in the nature of a substitute:

YEAS—12	NAYS—4
Mr. Danforth	Mr. Pressler
Mr. Packwood [1]	Mr. Hollings
Mr. Kassebaum	Mr. Riegle [1]
Mr. Gorton	Mr. Exon
Mr. Stevens [1]	
Mr. Kasten [1]	
Mr. Trible	
Mr. Long	
Mr. Inouye	
Mr. Ford	
Mr. Gore	
Mr. Rockefeller	

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

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[1] By proxy.

MINORITY VIEWS OF MR. HOLLINGS

I strongly oppose enactment of S. 1017. Very simply, it will cost the taxpayers hundreds of millions of dollars without any assurances of improved airport facilities or airline service in the Washington, DC area. It is just bad legislation.

Washington National and Dulles Airports are well-run and making a profit—$16 million last year. Everyone agrees that the FAA and its Administrator Don Engen are doing a good job. But modernization is crucial to this continuing. The terminal building at National needs renovating and a parking garage facility will correct the traffic snarls. At Dulles, we need a midfield feeder terminal established on a permanent basis for all airlines, such as the one that New York Air has established for itself. DOT has estimated these improvements to cost approximately $250 million, so the question or problem is not how to operate these airports in a better fashion, but how to best obtain the financing.

Long ago, the Congress established the Airport and Airways Trust Fund—a trust fund to be used exclusively for the development and improvement of airports and airways. There is presently more than $7 billion in the trust fund, and almost half of that is surplus. This money has been raised through aviation taxes collected at airports across the country, including National and Dulles. While we have allocated $100 million from the fund to rebuild the Atlanta airport, $150 million for Dallas-Fort Worth and $90 million for one runway at St. Thomas—National and Dulles have never received one red cent.

Reason? A mix of inattention and timidity on the part of Congress. Since the President hasn't asked for improvements, the Congress hasn't thought about the needs at National and Dulles. Those that have recognized these needs were reluctant to ask for the money. Now comes the Secretary of Transportation's extravagant and wasteful proposal—and we must think and ask.

I have great respect for the Secretary. I favor her Conrail proposal because I think it's in the best interests of the Government and the public. But I hesitated when she called and asked my support for her National-Dulles Authority proposal. I have appointed Authorities and handled millions of dollars in Government bonds. I know the time it takes to issue bonds. And I know bonds cost way more than taking from the trust fund. So I questioned her carefully.

The best I could learn was that the Secretary feels like the old woman who lived in the shoe. She has Conrail, airports, the Coast Guard, hijackings—so many problems, she doesn't know what to do. Rather than being bothered about parking at National or a flight cancellation at Dulles, she felt this was a good opportunity to get rid of the responsibility. Many Secretaries feel this way. You can't lasso a whale and thus Secretary Baldrige is totally frustrat-

ed with the oceans responsibility in Commerce. Similarly, Secretary Dole with National and Dulles. But again—the FAA administration is good, and why waste millions because the Secretary is frustrated?

In any event, the Secretary has been determined to get rid of National and Dulles. She appointed a stacked commission. They weren't told to study; they were told to find how best to frame an Authority takeover. So former Virginia Governor Linwood Holton and his majority of Virginians on the Commission were glad to oblige. They could pick up properties estimated to be worth $300 million or more by the Grace Commission for only $47 million. In fact, since they were only issuing bonds, the facilities and accompanying acreage would be a steal. With no money down, they would be totally paid for in no time at all.

Governor Hughes of Maryland, realizing that this was a steal, offered the U.S. Treasury double that amount—$94 million for the two airports. But in its wisdom, the Committee rejected that offer and instead turned around and *gave* $36 million to the State of Maryland. This $36 million represents the amount the State of Maryland spent in 1972 to purchase BWI Airport. And by giving that $36 million back to the State of Maryland, proponents of this bill hoped that Maryland would drop its objections. Maybe if my State of South Carolina offers a billion dollars for these airports. . . .

Not only are we giving these airports away, but in the years to come under this bill, taxpayers, air travelers and the Federal Government will end up tremendous losers. Why? Because the same $250 million that airport users have put in a trust fund (remember—there's a $7 billion balance) would cost the users and U.S. taxpayers an additional $712.5 million.

How? To begin with, the Congressional Budget Office has estimated that the issuance of bonds over a 30-year period will cost $346.2 million in principal and interest. This $346.2 million is an extra cost to the airport users who have already contributed the amount needed, $250 million, into the trust fund. Moreover, because they are tax exempt, these airport bonds will end up costing the Treasury $366.3 million in foregone revenues. So we spend $712.5 million to get $250 million in construction—all to adopt a political headache. Why?

BWI in Maryland is in keen competition with Washington Dulles and National. The State of Maryland has invested millions at BWI to develop airline service. With the Dole transfer to an Authority controlled by the State of Virginia, the State of Virginia would get two airports along with thousands of acres of prime real estate for virtually nothing. It would be able to use the revenues from National to subsidize fees at Dulles, allowing it to effectively draw traffic away from BWI. Maryland's inadequate representation on the new Authority would make the state helpless to stop such decisions.

Moreover, it was brought out at the hearings that 40 percent of the passenger traffic comes from the District of Columbia, but the Distict does not get 40 percent of the Authority slots. The bottom line is that this is a sweetheart deal between Secretary Dole, former Virginia Governor Holton, the Virginia-controlled Author-

ity and the Virginia delegation. The Authority proposed does not have the element of equality or veto power such as the New York-New Jersey Port Authority constantly referred to. The Governor of New Jersey and the Governor of New York both have veto power. And incidentally the New York-New Jersey arrangement hasn't been always harmonious.

But, never mind—the Governor of Maryland and the Governor of Virginia already are in a fight over this one. Why start a political headache at the cost of $712.5 million to the taxpayers? This is nonsense. It should be stopped.

The only way I knew to stop it was to follow through by introducing S. 1110, which would allocate $250 million from the aviation trust fund to National and Dulles. Two hundred fifty million dollars to bring these improvements to two of the nation's leading airports is not unreasonable. It would save time. It would save money. And it would avoid a perpetual political wrangle.

These airports do not belong to Virginia, Maryland or the District of Columbia. They belong to all the people of this land. This is the Nation's Capital and there is no more logic to Secretary Dole's proposal than turning over the nation's Botanical Gardens or the National Zoo to local government.

I urge my colleagues to help the taxpayers by opposing the Dole-Virginia conspiracy, and defeating S. 1017.

MINORITY VIEWS OF MESSRS. HOLLINGS AND EXON

Amendment on Nighttime Noise Restrictions at National Airport

The provision giving the new airport commission power to revise the nighttime noise restrictions at National was added by the Committee as an amendment to S. 1017 a full 2 months after the bill was originally ordered reported. It will most certainly result in the eventual easing of those restrictions and an increase in late night flights into Washington's principal airport.

Why is this amendment needed in the first place? Current FAA regulations specify that all flights in and out of National after 10 pm and before 7 am are restricted by noise levels. The original approach endorsed by supporters of S. 1017 was to freeze these rules in place for the 35-year duration of the lease. Then the same people who claimed that the Holton Commission had worked out every detail of the bill, turned around and wanted to amend it. Since no one has proposed an earlier curfew at National, we can only conclude that the reason for giving the local authority this power is to pave the way for more late night flights.

Originally, the Committee agreed to try to resolve this issue on the Senate floor. However, supporters of the bill panicked at the thought of 100 Senators, many of whom live in National's flight path, having the opportunity to debate this issue and discovering the truth about it. That's why the decision was made to schedule a second markup and add the amendment at the Committee level, thereby hoping to bury it from view.

This amendment is simply another reason why this bill should be defeated. And it should alert others in the Senate who are suspicious about the effect this legislation will have on air service in Washington.